

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

REVIEW OF CALCULATION OF COMPETITIVE
PRODUCTS ASSUMED INCOME TAX, 2020

Docket No. T2021-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
QUESTION 1 OF CHAIRMAN'S INFORMATION REQUEST NO. 1

The United States Postal Service hereby provides its response to the above-listed question of Chairman's Information Request No. 1, issued on March 12, 2021. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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1. Please refer to Docket No. ACR2020, Library Reference USPS-FY20-NP11, February 22, 2021.¹ Please refer also to Excel file Attachment 1.xlsx, filed under seal.
 - a. Please confirm the assumed Federal income tax calculation in Attachment 1 reflects the revisions described in the Library Reference.
 - b. If not confirmed, please provide a revised assumed Federal income tax calculation accounting for the changes in the Library Reference.

RESPONSE:

- a. As indicated in the question, on February 22, 2021, the Postal Service made revisions to the ICRA in USPS-FY20-NP2, and those revisions flowed through to the CRA (the public version of which is presented in USPS-FY20-1, and the nonpublic version in USPS-FY20-NP11), affecting both the revenues and the costs for Competitive Products. It is confirmed that, in terms of the updated Competitive Products revenues and costs appearing in the revised CRA, the figures used as corresponding inputs to the Excel file provided as Attachment 1 to this question correctly reflect those revisions. Beyond the revised inputs from the CRA, however, other aspects of Attachment 1 to the question are problematic in ways that affect (although to a very minor extent) the assumed Federal income tax calculation presented in Attachment 1, and that calculation thus cannot be confirmed.

¹ This library reference is a revised version of Library Reference USPS-FY20-NP11, which was originally filed December 29, 2021.

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- b. Examining the public version of Attachment 1 to the question (i.e., the Excel file posted on the Daily Listings in conjunction with this ChIR, as opposed to the more extensive nonpublic version of Attachment 1 to the question filed under seal), one can see that there were three cells in which adjustments were made to the Total Competitive Mail and Services revenue figure extracted from the revised CRA and displayed in cell H13. Those adjustments relate to the Gain/Loss from disposal of property and equipment (cell H14), Live Animal Transportation Fees (cell H15), and Outbound Intl NSA Fee Revenue (cell H16). Although the net effect of these three adjustments can implicitly be seen in cell H17 of the public version (which displays the adjusted total revenue), each of the individual adjustment cells (H14, H15, and H16) has been left blank in the public version. It bears noting that the net effect of the three adjustments is a very small difference between cell H13 and H17, underscoring the relatively minor potential relevance associated with these matters in terms of the effect on the tax calculations. And, of course, the three adjustment cells are populated in the nonpublic version of Attachment 1 to the question, provided under seal.

Given their treatment in the public version of Attachment 1 to the question, the Postal Service will address each of those three adjustments in the nonpublic version of this response being filed under seal as USPS-T2021-1-NP1. Based on that analysis, a nonpublic version of Attachment 1 to the

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response is likewise provided under seal in USPS-T2021-1-NP1. In that nonpublic version, a corrected figure corresponding to the revised Total Revenue figure in cell H17 is derived. That figure, in turn, is copied into cell H17 in the public version of Attachment 1 to this response, and also linked into cell C7 for use in the actual revised assumed tax calculation. The public version of Attachment 1 to the response is an Excel file electronically attached to this host document.

The net effects of the corrections made in Attachment 1 to the response change the values (relative to what was displayed in public Attachment 1 to the question) of Mail and Services revenue (cell C7) from \$30,610,463(000) to \$30,609,263(000), of Assumed Federal Income Tax (cell C25) from \$1,683,731(000) to \$1,683,478(000), and of the change from the original filing in the Assumed Federal Income Tax (cell D25) from \$19,058(000) to \$18,805(000). In other words, the estimate of the potential overall effect of the February CRA revisions on the Assumed Federal Income Tax calculation remains approximately \$19 million within both Attachment 1 to the question and Attachment 1 to the response.